He examined every option. He worked to forge agreement to complete a dam at Auburn, California. It was to be a multipurpose dam, then a dry dam, and then ultimately, no dam, but assurance of adequate water supply for upcountry users represented by Congressman John Doolittle. Because of Bob Matsui's persistence, original thinking, flexibility and collegiality, we were able to develop a comprehensive proposal that strengthens levees, makes use of the existing Folsom Dam, and preserves the beautiful American River Canyon.

As this project comes to completion over the next few years, every Spring, when the snows melt and rains come, and the State Capitol in Sacramento stays dry, the people of California and the Nation will owe a debt of gratitude to Bob Matsui for his persistence and wisdom on behalf of flood control.

Flood control is just one example of Bob Matsui's dedication and effectiveness. There are countless other examples.

In his first congressional race in 1978, Congressman Matsui campaigned as an underdog who vowed to bring new statesmanship to public office. His campaign was enriched by literally hundreds of volunteers that helped him achieve victory. Bob Matsui did not disappoint his constituents. He brought not only statesmanship, but also dedication, competence, innovation, and integrity to public service.

Elected to 14 consecutive terms in the House, Bob Matsui rose through the ranks to be a member of the Leadership team. Under his quiet demeanor lay a man of keen intellect who was a trusted friend and a formidable competitor.

As a senior member of the Committee on Ways and Means, Congressman Matsui was substantially involved with all the complex policy issues placed before the Committee including international trade, health care, welfare reform, and tax issues.

Congressman Matsui helped create the Research and Development Tax Credit in 1981 to fuel innovation in the American economy. In 1986, he spearheaded efforts that resulted in extensive reform of the tax code. His work on the Earned Income Tax Credit helped extend the tax credit for working poor families.

Most recently, Congressman Matsui was preparing to lead the discussions regarding the future of social security and his desire to preserve social security for future generations. Bob Matsui truly understood the varied complexities of the social security program, and he was determined that any reform of social security would provide for its long-term solvency without compromising its fundamental purposes.

Bob Matsui was intellectually curious and honest. He was fair minded and even handed. His legacy is one of compassion, commitment to do the right thing, hard work, and wisdom.

Congressman Matsui is ably succeeded by his wife DORIS MATSUI. She has already done an admirable job of representing the people of California's 5th District and I am confident that she will continue to do so.

It is most fitting and proper that the career of this truly outstanding member be honored with the designation of the new courthouse in his hometown of Sacramento, California as the "Robert T. Matsui United States Courthouse." I urge the bill's passage.

Mr. THOMAS. Mr. Speaker, I rise today as a cosponsor of this legislation, which will name the Federal courthouse in Sacramento after our former colleague and friend, the late Representative Bob Matsui.

As many of you know, we both arrived in Washington in 1979 as newly elected Congressmen from opposite ends of California's vast Central Valley. For more than 20 years, we worked together on issues of importance to California, such as securing funding to combat drug trafficking and to gain a better understanding of the challenges posed by California's air quality. Through these efforts, as well as through his work on the Committee on Ways and Means, I saw first-hand Bob's commitment to, and strong advocacy of, his principles and how he served his constituents with honor and distinction.

Naming a Federal courthouse, where our Nation's laws and constitution are used to dispense justice, is a fitting way to remember Bob. Notwithstanding his service as a Member of the U.S. Congress, he was one of the more than 120,000 persons of Japanese ancestry who, pursuant to Executive Order 9066, were forcibly removed from their homes by our government and detained during World War II. Undoubtedly, this experience had a profound impact upon his life and career.

Accordingly, I now ask my colleagues to pass this legislation in honor Bob's service to his constituents and Nation.

Mr. SHUSTER. Mr. Speaker, I yield back the balance of my time.

The SPEAKER pro tempore (Mr. SIMPSON). The question is on the motion offered by the gentleman from Pennsylvania (Mr. SHUSTER) that the House suspend the rules and pass the bill, H.R. 787.

The question was taken.

The SPEAKER pro tempore. In the opinion of the Chair, two-thirds of those present have voted in the affirmative.

Mr. HONDA. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX and the Chair's prior announcement, further proceedings on this motion will be postponed.

## GENERAL LEAVE

Mr. SHUSTER. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days within which to revise and extend their remarks and include extraneous material on H.R. 1463, H.R. 483 and H.R. 787, the matters just considered by the House.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

## PROVIDING FOR CONSIDERATION OF H.R. 8, DEATH TAX REPEAL PERMANENCY ACT OF 2005

Mr. HASTINGS of Washington. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 202 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 202

*Resolved*, That upon the adoption of this resolution it shall be in order to consider in the House the bill (H.R. 8) to make the repeal of the estate tax permanent. The bill shall be considered as read. The previous question shall be considered as ordered on the bill and on any amendment thereto to final passage without intervening motion except: (1) one hour of debate on the bill equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means; (2) the amendment in the nature of a substitute printed in the report of the Committee on Rules accompanying this resolution, if offered by Representative Pomeroy of North Dakota or his designee, which shall be in order without intervention of any point of order, shall be considered as read, and shall be separately debatable for one hour equally divided and controlled by the proponent and an opponent; and (3) one motion to recommit with or without instructions.

The SPEAKER pro tempore. The gentleman from Washington (Mr. HASTINGS) is recognized for 1 hour.

Mr. HASTINGS of Washington. Mr. Speaker, for the purpose of debate only, I yield the customary 30 minutes to the gentleman from Massachusetts (Mr. MCGOVERN), pending which I yield myself such time as I may consume. During consideration of this resolution, all time yielded is for the purpose of debate only.

(Mr. HASTINGS of Washington asked and was given permission to revise and extend his remarks.)

Mr. HASTINGS of Washington. Mr. Speaker, House Resolution 202 is a structured rule providing for 1 hour of general debate on H.R. 8, a bill to make the repeal of the estate tax permanent, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means. The rule provides for consideration of the amendment in the nature of a substitute printed in the Committee on Rules report accompanying the resolution, if offered, by the gentleman from North Dakota (Mr. POMEROY) or his designee, which shall be considered as read and shall be separately debatable for 1 hour equally divided and controlled by the proponent and an opponent.

Finally, Mr. Speaker, the rule waives all points of order against the amendment printed in the report and provides one motion to recommit with or without instructions.

Mr. Speaker, H.R. 8, a bill introduced by the gentleman from Missouri (Mr. HULSHOF), permanently repeals the death tax. I commend the gentleman from Missouri (Mr. HULSHOF) for championing an end to the death tax, as my former friend and colleague, Jennifer Dunn, did while serving in Congress. Through Jennifer's tireless efforts, in 2001 Congress acted in a bipartisan fashion to gradually phase out the death tax and fully eliminate it in 2010.

However, if Congress does not extend the death tax repeal beyond 2010, in 2011 small business owners and family farmers will once again be assessed the full death tax at the maximum 2001 rate. The death tax is a form of double taxation and is simply unfair.

The last thing families in central Washington and across the Nation should have to worry about when a loved one dies is losing the family farm or business in order to pay the Internal Revenue Service. But, sadly, that is the situation many hard-working families would face if the death tax is not permanently abolished.

With permanent elimination of this tax, farmers and business owners will have the sense of security they need to plan for the financial future of their businesses, farms, or families. Death taxes are an unfair assault on every American's potential life savings. Today, we have the opportunity to bury the death tax for good.

The Committee on Rules reported House Resolution 202 by a voice vote. Accordingly, I encourage my colleagues to support both the rule and the underlying bill.

Mr. Speaker, I reserve the balance of my time.

Mr. MCGOVERN. Mr. Speaker, I yield myself such time as I may consume.

(Mr. MCGOVERN asked and was given permission to revise and extend his remarks.)

Mr. MCGOVERN. Mr. Speaker, for years the Republican leadership has misled the American public about the estate tax. Today, because of that deceptive campaign, millions of Americans seem to believe they will be subject to the so-called death tax. They have been lied to.

Facts are stubborn things, and the facts prove that the Republican leadership is once again trying to pass a bill that helps the very wealthy few at the expense of everyone else.

The truth is that the overwhelming majority of American families, 99.7 percent, are not subject to estate taxes. Let me repeat: 99.7 percent of American families are not subject to estate taxes.

The truth is that this is the wrong bill at the wrong time that helps the wrong people, and it should be defeated. This permanent repeal of the estate tax does not help the average American. Instead, it benefits the heirs of the wealthy. Paris Hilton is doing just fine. She does not need another tax cut by the Republicans.

My colleague, the gentleman from Washington (Mr. HASTINGS), will claim that this bill will help family farmers and small business owners pass their assets, their farms and businesses, on to their children. The reality is that most of these family farmers and small business owners are already exempt from the estate tax.

Further, as The Washington Post pointed out today, permanently repealing the estate tax may actually hurt more family farmers and small businesses than it would help because of the cumbersome new reporting requirements and changes in how assets are valued.

Let us look at the facts. Exempting estates up to $1 million, the original level before the 2001 Bush tax cut, leaves only the top 2 percent of the estates in the country. But current law goes well beyond the $1 million exemption; and to hide the real cost of their bad economic policies, the Republican leadership included a provision that sunsets the 2001 tax cut in 2011.

Mr. Speaker, for most of the 20th century, this country operated on a progressive taxation system. Those who could afford it paid their fair share. We looked out for each other. We provided food to the hungry, shelter to the homeless, assistance to the unemployed, and health care to the sick.

But the Republican leadership wants to turn that system upside down. They believe the wealthy should be exempt from paying taxes and the poor should fend for themselves. It is wrong, and we have to stop it.

Let me connect the dots for my Republican friends. They say there is a deficit and we need to tighten our belts to pay down the debt. Of course this debt is of their creation. President Bush came into his first term with a surplus and ended his second term with the largest deficit in the history of the United States of America, and now they bring forward another tax cut that costs $290 billion according to the Joint Committee on Taxation.

□ 1130

Some private groups estimate that this bill will ultimately cost closer to $1 trillion.

Where is that money going to come from? It is a credit card bill that they are passing on to our children and our grandchildren. That is the actual estate tax. That is the real legacy they are leaving to future generations.

Mr. Speaker, we are at war, but the only people being asked to sacrifice are those who can least afford it. The wealthiest of the wealthy are getting a free ride at this very difficult time in our history.

Look at the budget resolution. The Republican leadership pushed the budget resolution through earlier this month. What do they do? They cut food stamps. They cut Medicaid. They cut education programs. They cut environmental protection. They cut community development block grants. They cut school breakfasts and school lunches. Why? All so a few people can inherit a few more billion dollars tax free from their relatives.

Our colleague from North Dakota (Mr. POMEROY) will offer an amendment that will set the exemption for estates at $3 million for individuals and $7 million for couples. This would cost dramatically less than the Republican bill, $72 billion compared to $290 billion, and it would exempt 99.7 percent of all estates from ever facing the estate tax. This is a commonsense compromise that should receive near unanimous support.

Mr. Speaker, the truth is out there, but the Republican leadership is too stubborn and too arrogant to face it. We are at war. Health care costs are spiraling out of control. Poverty in America is increasing. More Americans go to bed hungry at night. Our children are falling behind in math and science. I, for one, do not believe the answer to these challenges is a permanent repeal of the estate tax.

I urge my colleagues to do the right thing and defeat this bill.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 3 minutes to the gentlewoman from West Virginia (Mrs. CAPITO), a valuable member of the Committee on Rules.

Mrs. CAPITO. I thank the gentleman from Washington for yielding me this time.

Mr. Speaker, I rise today in strong support of the rule and the underlying legislation. I am proud to be a cosponsor of H.R. 8 and thank the gentleman from Missouri for his leadership in offering this bill.

I was proud to be in this Chamber 4 years ago on the day Congress began phasing out the death tax. As a result, thousands of jobs were saved and second and third generations were able to take charge of their family's business. We knew when we passed that law the phaseout was not a permanent fix. Today we have the opportunity to complete unfinished business. If we do not act now to permanently eliminate the death tax, it will be revived at the stroke of midnight on January 1, 2011. Bringing back the death tax will drive the final nail in the coffin for America's next generation of small business owners.

The Death Tax Repeal Permanency Act represents the changes to our Tax Code called for by our Nation's farmers and small business owners who want to pass their family business on to the next generation. Small business owners and farmers devote their time, energy and money into building a business so it can be passed on to their sons or daughters. In the absence of the death tax, these small businesses become a legacy for one generation to pass on to the next. With the death tax, families face a whopping tax bill on the property and assets even though taxes have already been paid annually by the owners.

The death tax is an overwhelming burden, forcing many families to sell their businesses just to pay the 37 to 55 percent tax. As a result, jobs are lost and generations of family toil are plundered by the government.

Permanently repealing the death tax will help small businesses create new jobs. A 2002 study showed that an extra 100,000 jobs a year would be created if the death tax were permanently repealed. The Wall Street Journal wrote in 1999 that 60 percent of small businesses would add jobs if death taxes were not on the books.

The very threat of a revived death tax has a negative impact on small business. Even with the temporary phaseout, business owners must continue to plan for paying that tax. To help owners hire new workers and continue to invest in their business, they need to know that the death tax is gone for good.

We must not allow this small business killer to rise from the dead. The House today has an opportunity to rid the Nation of this tax that kicks families when they are down, takes away a lifetime of hard work, and stifles job growth. I hope that my colleagues will join me today in supporting the rule and the underlying legislation.

Mr. McGOVERN. Mr. Speaker, I yield myself such time as I may consume.

We hear the phrase ''death tax,'' which really is kind of a misnomer. There is no such thing. When I am dead, I am dead. You cannot collect any taxes from me. The issue is whether or not estates in the billions of dollars should be subject to any taxation. We are not talking about small family farms or small businesses. That is not what this is about. If you read the Washington Post today, it is very clear what this is about. It is about the most extremely wealthy companies, the most extremely wealthy people in this country.

The gentleman from North Dakota has a substitute that would basically exempt 99.7 percent of all estates from any estate tax. So let us be clear about what is going on, and let us also be clear about the cost to our kids. The Joint Committee on Taxation says that this is going to cost up to $290 billion. There seems to be no concern on the other side of the aisle about what this does to our deficit or our debt. This is not paid for. They make no attempt to pay for it.

Let me just remind my colleagues that the debt that we are faced with right now is close to $8 trillion, and the interest on that debt is astonishingly high. That is the legacy that they are passing on to our kids.

Our good colleague from Tennessee (Mr. TANNER) in a presentation, I thought, said it best. He said, so people can understand what the debt means, if you stack up one thousand dollar bills, a million dollars would be about a foot high; a billion dollars would be about the size of the Empire State Building; a trillion dollars would be 1,000 Empire State Buildings. Our debt is close to $8 trillion, and there is no outrage on the other side, there is no concern about what we are doing and what it means to our economy by making these tax cuts permanent.

I think that people need to understand what is going on here. This is not about small family farms. It is not about small businesses. This is about helping the wealthiest of the wealthy.

Mr. Speaker, I yield 6 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. I thank the gentleman for yielding me this time.

Mr. Speaker, this rule brings an important debate to the floor. Let me tell you what is not on the floor. What is not being debated is whether there should be additional estate tax relief. We agree there should be. Much has been accomplished over the last few years in that regard. The estate tax level attached at $600,000 per individual at the beginning of this decade. So that, as my colleague from West Virginia talks about the concern of estate tax on small businesses and farms, that may have been more the case at that time. Certainly it is less the case now. The estate tax level attaches at $1.5 million per individual, $3 million per couple, and obviously the number of estates that would have tax consequences has fallen significantly.

Is it enough? No. Let us do something quite dramatic. The proposal that I am offering as a substitute would double from where we are today and in a very certain and immediate way bring to $6 million the estate tax exclusion for couples. Couples across this country possessing less than $6 million in assets, no estate tax. Nothing. Gone. Immediately and certainly. By the end of the decade, it moves to $7 million. By 2009, there could be $7 million in a couple's estate.

Is this meaningful? You bet it is meaningful. You look at the numbers, and it will tell you that we all but make this problem go away. Looking across this country, 99.7 percent of estates in this country no longer have estate tax issues under the substitute that I am advancing. That is 997 out of 1,000. That is pretty significant.

There are a couple of other differences. It is one-quarter of the cost of the majority proposal, $290 billion, that they are talking about. There are things they are saying that just are not so, that small businesses and family farms have major estate tax issues when the level is $6 million per couple. They do not.

I represent family farms and small businesses all across the State of North Dakota. I am telling you, if we set this level at $6 million per couple, to move to $7 million by the end of the decade, we largely take care of the problem.

But beyond that, going forward, there is yet another very important wrinkle in the majority proposal. This is the capital gains tax that their proposal would add. It is unlike a tax relief bill that I have seen before, because, for everyone it helps, it adds capital gains taxes for many more. Right now in the handling of an estate, there is no capital gains tax. Under their proposal, they establish something called the carryover basis. Not to get technical with you, but what that does is impose capital gains tax exposure on estates. The way the numbers work out, more estates are going to end up with capital gains consequences than get relief from estate taxes. So you help a few; you harm a lot. It does not make much sense to me. Again, at a total budget cost of $290 billion over the first 10 years and more than $800 billion over the second 10 years.

This is a budget buster, my friends. At a time when we are talking about how we address the long-term solvency of Social Security, to just, without a concern, pass a $290 billion bill to help three-tenths of 1 percent of the most affluent in this country seems to be standing priorities directly on their head. The very people that favor privatizing Social Security, which is going to add risk in the Social Security benefit, which is going to reduce benefits sharply because they change the inflation index going forward, that is going to reduce the benefits on our children and grandchildren, want to now run up the debt on our children and grandchildren in order to help that three-tenths of 1 percent, the very wealthiest among us. What kind of sense is that?

So we have proposed something quite different, immediate and certain estate tax relief, $6 million per couple, $3 million per individual, right now, and in 2009, $7 million per couple, $3.5 million per individual. And, once more, a proposal that I think we would want to consider closely, we could take the difference between the majority bill and our bill and dedicate it to the Social Security trust fund.

There is a lot of talk from the other side: Where's your plan? Where's your plan? How about this one? Let us start by addressing the problem and making a good deal of it go away.

If we took the difference, the amount of estate tax revenue over the $7 million figure at the end of the decade, and dedicated it to the Social Security trust fund, we could fill 40 percent of the hole over 75 years, almost make half the problem go away, while preserving benefits, while keeping the inflation adjustment that our grandchildren need.

I think in the consequence of our floor discussions today it is important to talk about both concepts, the immediate and certain estate tax relief alternative that we are advancing and what we could do with the difference. They say this estate tax has to be repealed, that it is the most unfair thing in the world. I can think of something even more unfair, and that is cutting the benefits of Social Security to our children and grandchildren. That is more unfair in my opinion.

We do not have to make that tradeoff. We can make estate tax go away for 99.7 percent of the people in this country, take the balance between the bills, invest it in the Social Security trust fund and deal with almost half of the problem of the underfunding over the next 75 years.

That is what the minority is bringing forward today. It is a thoroughly considered and balanced alternative, I believe a reasonable and responsible alternative, and I urge the Members' consideration.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from California (Mr. COX).

Mr. COX. Mr. Speaker, I rise in support of this rule and the bill authored by the gentleman from Missouri (Mr. HULSHOF) and commend him for his great work on behalf of America's job creators.

I just heard the Democratic Member say that only a tiny fraction of the people who die in America and their families have to pay this death tax. Apparently, the gentleman has never had to go through the dreaded form 706. How many of us right now are trying to deal with form 1040? Even though we deal with it year in and year out, we still cannot figure it out. What we are trying to get rid of is the complexity of the Tax Code and the $20 billion a year that the death tax consumes from the American economy that does not go to the Treasury but, rather, goes to tax lawyers and accountants and life insurance sales and keyman policies and so on, all of this estate planning which is economic waste. It is hurting our economy.

Eighty-eight pages of the Internal Revenue Code, 88 pages of law, are devoted to trying to close the loopholes that have erupted over the 20th century as our experiment with the death tax has shown that it actually costs the government and costs the American people money to maintain it. Much as we would like to be able to tax the super-rich, they get out of the tax with trusts and loopholes and so on, as will the rich after we do what the Democrats want, which is to create some complicated new definitions to try and cabin off this tax so it only affects a few people. The only people who will actually be hurt by the burden of these new complex rules and laws will be people who we do not want to pay the tax in the first place.

□ 1145

If at the time that one of one's loved ones dies, just to file the return, not pay the tax, they are going to have to plow through all of these helpful instructions that are in such small print that even a high school student might need reading glasses to get through some of these 40 pages. But here is the kind of helpful thing one will find when a loved one dies: ''Generally, you may list on Schedule M all property interests that pass from the decedent to the surviving spouse and are included in the gross estate. However, you should not list any 'nondeductible terminable interests,' described below, on Schedule M unless you are making a QTIP election. The property for which you make this election must be included on Schedule M. See 'qualified terminable interest property' on the following page.

''For the rules on common disaster and survival for a limited period, see section 2056(b)(3).''

This is just one little paragraph out of 40 pages of this. They are going to have to hire a lawyer. They are going to have to hire an accountant to go through all this and list everything that their family member has accumulated throughout his or her entire life just to prove that they do not owe this tax. Anybody who is slogging through their form 1040 trying to file their income tax return now knows what I am talking about.

We are trying to eliminate the complexity of this law which hurts every single person who works for a small business in America. When that small business is liquidated in order to pay the death tax because it is a tax on property of small businesses, people lose their jobs, and that is where the burden and the incidence of this tax falls.

Repealing the death tax once and for all is the right thing to do, and I am very pleased that this rule will bring that to the floor.

Mr. MCGOVERN. Mr. Speaker, I yield myself such time as I may consume.

Let me again remind people that we are talking about three-tenths of 1 percent who actually pay an estate tax. In that category we are not talking about family farms or small businesses. We are talking about Paris Hilton, and I would say to my colleague from California that I think she has enough accountants and lawyers to be able to fill out form 706.

Mr. Speaker, I yield 3 minutes to the gentleman from Vermont (Mr. SANDERS).

Mr. SANDERS. Mr. Speaker, this is actually one of the more absurd debates that I have ever heard in my life, and I think anybody who turns on the television and wonders what is going on here in Congress will then conclude that the reason that this institution is held in so low regard is because we have debates like this.

Let us look at what is going on in America today. The middle class is shrinking. Study after study shows that real wages for American workers are going down; and in the last 4 years, 4 million more Americans have entered the ranks of poverty. While the middle class shrinks, poverty increases. The richest people in America have never had it so good. CEOs of large corporations now make 500 times what their workers make. In America today we have the most unfair distribution of wealth and income in the history of our country and of any major country on Earth.

So what are we discussing here today? Are we going to raise the minimum wage to a living wage? Are we really going to protect family farmers from low prices? Are we going to stop the hemorrhaging of decent-paying jobs going to China? Do not be silly. We do not talk about that because corporate America does not fund those concerns.

The richest people in America said several years ago, Hey, yes, we are worth billions of dollars. That is not enough. We are going to contribute money to our Republican friends, and do you know what they are going to do? They are going to lower our taxes even more.

Mr. Speaker, we are here debating an issue that has zero impact on 98 percent of the American people. Nobody in the middle class, nobody in the working class, no low-income person pays one penny in the estate tax. All of the estate tax is paid by the wealthiest 2 percent. If their proposal passes, half of the benefits go to the richest one-tenth of 1 percent.

I want to ask my friends a question. This is a question. As my colleagues know, President Bush and the Republican leadership are supporting increased fees on our veterans. They are raising prescription drug fees for our veterans, and they want to charge a $250 co-pay for veterans of wars who enter the VA hospital. I would like to ask my Republican friends do they think it is a good idea to give tax breaks today to billionaires and to charge veterans significantly increased fees for health care. That is my question.

I am listening. I am listening. I do not hear an answer.

That is the answer. They are substantially increasing health care costs for veterans who have put their lives on the line defending this country. They are increasing our deficit, increasing our national debt, all on behalf of the richest people in this country. This bill is bought and paid for by millionaires and billionaires, and anyone who votes for it should be ashamed of themselves.

ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore (Mr. SIMPSON). The Chair would remind persons in the gallery that they are here as guests of the House and that any manifestaton of approval or disapproval of proceedings or other audible conversation is in violation of the rules of the House.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 5 minutes to the gentleman from Georgia (Mr. WESTMORELAND).

Mr. WESTMORELAND. Mr. Speaker, I thank the gentleman from Washington (Mr. HASTINGS) for yielding me this time.

Mr. Speaker, I rise today in support of this rule and H.R. 8. I applaud the efforts of the leadership and the gentleman from Missouri in bringing forward H.R. 8 to finally bury the death tax once and for all.

One thing I have learned in the short time I have sat here is that the Democrats really look at the person whom this bill would affect, and, by the way, I do not think any of them are watching this on TV right now because they are all probably at work, but they are looking at the person whom this bill would affect as someone who got up early, worked hard all his life, looked after his family, built infrastructure, saved money, put capital back into this system, provided jobs, benefits, health care for people, and the Democrats look at this individual as a gift who keeps on giving.

One of the things our country needs is individuals who are willing to work hard and save their money. It is the basis of our economy and the American Dream. This country is a wonderful land of opportunity. Anyone can work hard and be whatever they want to be in this country. Yet our tax system directly discourages savings by limiting contributions to IRAs and taxing dividends. When one works hard and saves, they should be rewarded, not punished. The current death tax punishes people for saving their own money, for fulfilling the American Dream.

Tax cuts do not cost the U.S. Government money. This is something that I think is misunderstood up here. Cutting taxes does not cost the government money. It allows people who earn that money to keep more of it in their pocket. This Congress must recognize that tax cuts spur economic growth. We have seen this in the Reagan tax cuts that led to the boom of the 1990s and in this President's tax cuts that have brought us out of the recession that this country experienced after 9/11.

As a small business owner, I know firsthand how hard one has to work to build a business. And most times the assets of a family business are not in cash, or easily so. When a family business is hit with an estate tax, it often requires the selling of a large amount of inventory or other assets in order to pay the debt. That is not right. That hurts families who want to continue the legacy of their loved ones who have passed away. Why do we want to harm or punish or exploit those who work their hardest to create an inheritance for their loved ones?

The death tax has made crooks out of honest people because they have to search for all kinds of ways to avoid paying the tax. And the reason they do not want to pay this tax is because they hate to see everything that someone that they loved and deeply cared about who spent their whole life building is taken away by the government.

Small businesses should not be run while looking over one's shoulder to make sure the tax man is not about to get them. Small business owners must be able to focus on their business. More than 70 percent of small family businesses do not last beyond the second generation, and the estate tax plays a large part in that. Having someone pay half of their assets to the government is absolutely wrong no matter what is being paid. We all know that people can manage their own money much better than the government.

One of the things I hate more than anything is a double tax. When the government takes its bite out of the apple, it should not get a second bite. Yet the death tax takes an even bigger bite out of the money that has already been taxed. Economic studies have shown that the cost of trying to comply or avoid the death tax consumes as much out of the economy as is generated by the death tax itself.

The death tax also hits those who cannot afford a lawyer or a CPA to help them. If their assets are not in cash, as in most family businesses they are not, they have to make a huge burden and sacrifice that they are not ready for by having to get somebody else to advise them about how to take care of their families and their children. And in spite of all this, the death tax does not even generate that much revenue or ''windfall profit'' for the government, yes, a ''windfall profit'' for the government, while placing this huge burden on the families of this country. It is not right.

The idea of the tax coming back in 2011 is amazing. It just does not make sense, and people cannot make any long-term financial plans. Getting rid of the death tax will simplify our Nation's laws and ease the burden on our country. If it takes a CPA or a lawyer to figure out what one is trying to do and what burdens the government has put on them, then it is too much of a burden. We need to do everything we can to lessen that burden. Repealing the death tax is the right thing to do.

Although I was not in Congress when the phase-out of the death tax began, I am thrilled to be here today to cosponsor and vote for it to be completely eliminated. And I urge all of my colleagues to do the same.

Mr. McGOVERN. Mr. Speaker, I yield myself such time as I may consume.

Let me just make a couple of points here. This is not about protecting small businesses or family farms. I mean, I think that is clear to everybody here. This is about protecting the three-tenths of the 1 percent wealthiest people in this country.

I enter into the RECORD an article that appeared in today's Washington Post that really kind of explains what this debate is all about, about how Mars candy, Gallo wine, and Campbell soup fortunes have been lobbying for the complete repeal of the estate tax for some time so they can end all taxation on their inheritance. That is what this is about. This is not about working families. This is not small family farms or small businesses. This is about protecting the richest of the rich.

[From the Washington Post, April 13, 2005]

EROSION OF ESTATE TAX IS A SESSION IN POLITICS

(By Jonathan Weisman)

In 1992, when heirs to the Mars Inc. fortune joined a few other wealthy families to hire the law firm Patton Boggs LLP to lobby for estate tax repeal, the joke on K Street was that few Washington sightseers had paid so much for a fruitless tour of the Capitol.

Today, the House is expected to vote to permanently repeal the estate tax, moving the Mars candy, Gallo wine and Campbell soup fortunes one step closer to a goal that once seemed quixotic at best: ending all taxation on inheritances.

''I think this train has an awful lot of momentum,'' said Yale University law professor Michael J. Graetz, a former senior official in the Treasury Department of President George H.W. Bush.

Last month, Graetz and Yale political scientist Ian Shapiro published ''Death By A Thousand Cuts,'' chronicling the estate tax repeal movement as ''a mystery about politics and persuasion.''

''For almost a century, the estate tax affected only the richest 1 or 2 percent of citizens, encouraged charity, and placed no burden on the vast majority of Americans,'' they wrote. ''A law that constituted the blandest kind of common sense for most of the twentieth century was transformed, in the space of little more than a decade, into the supposed enemy of hardworking citizens all over this country.''

The secret of the repeal movement's success has been its appeal to principle over economics. While repeal opponents bellowed that only the richest of the rich would ever pay the estate tax, proponents appealed to Americans' sense of fairness, that individuals have the natural right to pass on their wealth to their children.

The most recent Internal Revenue Service data back opponents' claims. In 2001, out of 2,363,100 total adult deaths, only 49,911—2.1 percent—had estates large enough to be hit by the estate tax. That was down from 2.3 percent in 1999. The value of the taxed estates in 2001 averaged nearly $2.7 million.

Congressional action since 2001 will likely bring down the number of taxable estates still further. President Bush's 10-year, $1.35 trillion tax cut in 2001 began a decade-long phase-out of the estate tax. The portion of an estate exempted from taxation was raised from $675,000 in 2001 to $1.5 million in 2004. Next year, the exemption will rise to $2 million for individuals and $4 million for couples.

The impact has been clear, tax policy analysts say. The number of estates filing tax return is falling sharply, from 123,600 in 2000 to an expected 63,800 this year. And only a small fraction of those will actually be taxed.

Under the 2001 legislation, however, all of the tax cuts, including the estate tax's repeal, would be rescinded in 2011. The vote today is the first to address the sunset provisions.

House Democrats, led by Rep. Earl Pomeroy (D–N.D.), today will propose permanently raising the exclusion to $3.5 million—$7 million for couples. That would be enough to exempt 99.7 percent of all estates. The Pomeroy bill would cost the Treasury $72 billion over 10 years, compared with the $290 billion price tag of a full repeal through 2015, according to the Joint Committee on Taxation.

''The ideological fervor that is admittedly still pretty strong in some quarters is now being tempered by the runaway debt that is weighing down this country,'' said Pomeroy, who thinks voters are ready for a compromise.

Indeed, Senate Majority Leader Bill Frist (R–Tenn.) has asked Sen. Jon Kyl (R–Ariz.), a repeal proponent, to find a compromise that could win a filibuster-proof 60 votes in the Senate this year, even if it falls short of full repeal.

A compromise that includes any estate tax, no matter how small, may fail if the fervent repeal coalition holds firm, Graetz said. Repeal opponents have been unable to whip up big support, he said, because they never made the emotional case that the American belief in equal opportunity runs counter to the existence of an aristocracy born to inherited riches. Paris Hilton, who inherited her wealth. and now famously enjoys spending it, could have been their counter to the small-business owners and family farmers whom repeal proponents held up as the victims of the tax.

''The public doesn't believe people should be taxed at the time of death, whether they are paupers or billionaires,'' said Frank Luntz, a Republican pollster who has been working on estate tax repeal for a decade. ''Compromise is very difficult because the public doesn't want it to exist.''

It is that sentiment that the fledgling repeal forces tapped into when they mobilized more than a decade ago. A little-known Southern California estate planner named Patricia Soldano launched her repeal effort with the backing of about 50 wealthy clients, with the Gallo and Mars families leading the way. Other contributors included the heirs of the Campbell soup and Krystal hamburger fortunes. Frank Blethen, whose family controls the Seattle Times Co., was also pivotal.

The effort caught fire when small-business groups such as the National Federation of Independent Business and agriculture groups led by the National Cattlemen's Beef Association joined in.

By 1994, Newt Gingrich's Republican insurgents had latched onto the estate tax issue, but the Contract With America called for an estate tax reduction, not repeal. In 1995, Luntz poll-tested the term ''death tax'' and advised the new GOP majority to never use the terms ''inheritance'' or ''estate tax'' again.

By then, Soldano's Policy and Taxation Group was spending more than $250,000 a year on lobbying. A parade of small-business owners and family farmers appealed to their congressmen, worried that they could not pass on their enterprises to their children, even though most of them would not be affected by the tax.

''There's been a sustained, determined campaign of misinformation that in the end has left the American people with a very different notion of what the estate tax is and does than actually exists,'' Pomeroy said.

But ultimately, whether people believe the estate tax will affect them has little bearing on support for repeal. Early this year, with Soldano's money, Luntz again began polling, this time in the face of record budget deficits and lingering economic unease. More than 80 percent called the taxation of inheritances ''extreme.'' About 64 percent said they favored ''death tax'' repeal. Support fell to a still-strong 56 percent when asked whether they favored repeal, even if it temporarily boosted the budget deficit.

Democrats ''still don't get it,'' Graetz said. ''The politics are still very powerful.''

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 3 minutes to the gentleman from Florida (Mr. PUTNAM), a powerful member of the Committee on Rules.

Mr. PUTNAM. Mr. Speaker, I thank the gentleman for yielding me this time.

I am proud to be a part of the Committee on Rules, which reported out a very balanced rule that allows both sides to be heard on this issue.

The interesting thing about this issue is that there is agreement that the death tax should go away. There is disagreement about the numbers and the number of people for whom it should go away, our side believing that it should be totally repealed, the other side believing that there are a certain number of people who should be exempt from paying this. It is good to see that we have finally come together to recognize that the death tax is a killer for small businesses and family farms and ranches. I am glad that that is a bipartisan agreement, and I am glad that this rule reflects that.

A wise man once joked that there is always death and taxes, but death does not get worse every year.

With the death tax in place, that is not true. Each year that passes, many family-owned farms and businesses are subject to this tax. It is fundamentally unfair that death is a taxable event. Taxes have already been paid on the assets subject to the taxation under the death tax during the lifetime of the owners. It amounts to a second bite of the apple for the government.

With the repeal of the tax, more small businesses and farms will stay in the hands of those families. Currently, the death tax is a leading cause of dissolution. And we see this all the time in agriculture, that when the grandparents die they have to sell off a portion of the land so that the government gets their share so that they break up the very asset that made that farm what it was. They eliminate the opportunity for that next generation to participate even though they worked on it themselves, growing up, paying their way through school, helping to support all of the family efforts. That is a great cause of the loss of rural communities and small-time agriculture in this country, and I think that we can all agree that that is a shameful loss to our Nation. They form the backbone of our rural heritage.

The death tax is a virtue tax in the sense that it penalizes work, penalizes savings and thrift in favor of large-scale consumption.

□ 1200

In other words, if those same families had sold off everything and spent it, then they would not be subject to the death tax. But the fact that they made a decision to hold something, to build it, to grow it so that their children and grandchildren might have a farm to continue to cultivate the bread basket for the world in, then they are taxed. Where is the fairness in that?

Mr. Speaker, 87 percent of family businesses do not make it to the third generation. Unquestionably, the death tax plays a tremendous part in that statistic. This is especially true of businesses that are land-rich and cash-poor. That is what we call it in the South, Mr. Speaker, where you have all of your assets tied up in things. You cannot afford a brand-new car, you cannot afford a brand-new tractor, you cannot afford all the nicer things; but yet on paper you are quite wealthy, because you purchased land, you gave value to that land as time passes.

Mr. Speaker, I urge that we adopt the rule and continue forward with the repeal of this scurrilous tax on death.

Mr. MCGOVERN. Mr. Speaker, I yield myself such time as I may consume.

I appreciate the words from my colleague on the Committee on Rules, the gentleman from Florida; but quite frankly, I do not know what he is talking about. The small businesses and the family farms, we are all in agreement that they need to be protected. That is not what the debate is about here today.

The debate is about whether three-tenths of 1 percent of higher income-earners in this country deserve additional tax relief at a time when they are cutting Medicaid, veterans benefits, when they are dipping into the Social Security trust fund.

This is not a death tax. What they are talking about is a debt tax, D-E-B-T, adding to the deficits and the debt of this country. Right now, this year, we are paying $177 billion this year in interest on the debt. Next year it will be $213 billion. It is ridiculous. We need to rein in some of these extravagant tax cuts for the wealthy so that we can get our fiscal house in order here in this country, so we can start taking care of Social Security in the long term, so we do not have to cut veterans benefits or educational benefits or environmental protection.

Mr. Speaker, I at this time I will enter into the RECORD an article by E.J. Dionne entitled ''The Paris Hilton Tax Cut.''

[From the Washington Post, Apr. 12, 2005]

THE PARIS HILTON TAX CUT

(By E. J. Dionne Jr.)

The same people who insist that critics of Social Security privatization should offer reform proposals of their own are working feverishly to eliminate alternatives that might reduce the need for benefit cuts or payroll tax increases.

I refer to the fact that House Republican leaders have scheduled a vote this week to abolish the estate tax permanently. Under a wacky provision of the 2001 tax cut designed to disguise the law's full cost, Congress voted to make the estate tax go away in 2010, but come back in full force in 2011.

With so many other taxes around, it's hard to understand why this is the one Congress would repeal. It falls, in effect, on the heirs to the wealthiest Americans. Fewer than 1 percent of the people who died in 2004 paid an estate tax, and half the revenue from the tax came from estates valued at $10 million or more.

Yet, because the wealthy have gotten wealthier over the past three decades or so, the estate tax produces a lot of money. Counting both revenue losses and added interest costs, complete repeal of the estate tax would cost the government close to $1 trillion between 2012 and 2021, according to the Center on Budget and Policy Priorities.

And that is where Social Security comes in. You can reject outlandish claims that Social Security faces some sort of ''crisis'' and still acknowledge that it faces a gap in funding for the long haul. The estate tax should be part of the solution.

In a little-noticed estimate confirmed by his office yesterday, Stephen Goss, the highly respected Social Security actuary, has studied how much of the Social Security financing gap could be filled by a reformed estate tax. What would happen if, instead of repealing the tax, Congress left it in place at a

45 percent rate, and only on fortunes that exceeded $3.5 million—which would be $7 million for couples? That, by the way, is well below where the estate tax stood when President Bush took office and would eliminate more than 99 percent of estates from the tax. It reflects the substantial reduction that would take effect in 2009 under Bush's tax plan.

According to Goss, a tax at that level would cover one-quarter of the 75-year Social Security shortfall. The Congressional Budget Office has a more modest estimate of the shortfall. Applying Goss's numbers means that if CBO is right, the reformed estate tax would cover one-half of the Social Security shortfall.

This is big news for the Social Security debate. Michael J. Graetz and Ian Shapiro, authors of a new book on the estate tax, "Death by a Thousand Cuts," have referred to its repeal as the "Paris Hilton Benefit Act." To pick up on the metaphor, why should Congress be more concerned about protecting Paris Hilton's inheritance than grandma's Social Security check? How can a member of Congress even think about raising payroll taxes while throwing away so much other revenue?

This also means that Democrats now talking about reaching a "compromise" with the Republicans on the estate tax should put the discussions on hold until the Social Security debate plays itself out. Most of the "compromises" being discussed would repeal 80 to 90 percent of the estate tax. At some point, it might be reasonable to agree to make the 2009 estate tax levels permanent. But if they agree to any steps beyond that, Democrats will, once again, be placing the concerns of wealthy donors over the interests of the people who actually vote for them.

The Friends of Paris Hilton realize that as federal deficits mount and rising Medicare costs loom, the case for the total repeal of the estate tax grows steadily weaker. That's why they're hoping they can sucker defenders of estate taxes into a so-called compromise that gives away the store—the store, in this case, going to Neiman-Marcus shoppers, not to those who rely on Target.

This is an instructive moment. What we are having is not a real debate on the future of Social Security but a sham discussion in which the one issue that matters to the governing majority is how to keep cutting taxes on the wealthiest people in our country.

Those who vote to repeal the estate tax this week will be sending a clear message: They see the "crisis" in Social Security as serious enough to justify benefit cuts and private accounts. But it's not serious enough to warrant a minor inconvenience to those who plan to live on their parents' wealth.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 2 minutes to the gentlewoman from Tennessee (Mrs. BLACKBURN).

Mrs. BLACKBURN. Mr. Speaker, I want to rise in support of the rule that will allow us to consider the permanent repeal of the death tax.

Mr. Speaker, I think it is so appropriate, so very appropriate that this week, as millions of American taxpayers are finalizing their Federal income tax filings that we are looking at what is one of the most egregious taxes and most unfair taxes to our small business community. I am one of those that fully believes that the death tax is the triple tax, because Americans pay tax when they earn their income. Then they turn around, they buy an asset, and they spend their money, and they are paying a tax on every bit of that. And then, when an American dies, they have to pay the tax again.

This tax affects every American, especially our small business owners. I have found it very curious that some of my colleagues across the aisle continue to say it only affects the rich. Well, in my district, do my colleagues know that it affects thousands of farmers, thousands of small business owners who are very upset about the death tax?

Families everywhere would benefit from the repeal of this tax. When 70 percent of family businesses do not make it to the second generation, there is a problem; and we know we can fix part of that problem, because it is the death tax. For too long the death tax has been a major factor in the failure of family businesses. The tax not only forces American families to hand over their hard work to the government; family businesses spend millions of dollars every year trying to comply with these regulations. In addition, it discourages savings and investment, and it is costing our economy hundreds of thousands of new jobs.

Mr. Speaker, 89 percent of Americans want death taxes repealed. Small business owners get it, seniors get it, the farmers in my district get it.

Mr. Speaker, I urge my colleagues to join the leadership and to support this rule in favor of H.R. 8.

Mr. MCGOVERN. Mr. Speaker, I yield myself such time as I may consume.

Again, I am having trouble following this debate here. The gentlewoman from Tennessee talked about the thousands of people in her district that had to pay the estate tax last year. I am reading from a report here that said there were roughly 440 taxable estates, or about 2 percent of all taxable estates were made up of farm and business assets in the year 2004.

What we are talking about here, and again, if we agree to the Pomeroy substitute, is three-tenths of 1 percent of the wealthiest people in this country. That is what we are talking about. We are not talking about family farms. I mean, that is a red herring. We are not talking about small businesses. We are talking about the Campbell Soup fortunes, the Mars candy fortunes. We are talking about the richest of the rich. That is what this is about.

What is unconscionable is that we are moving forward on this at a time when the majority of this House is proposing budgets that slash Medicaid, that cut community development block grants, that cut veterans health benefits, that cut education, that cut things that people rely on every single day. This is absurd that we are having this debate here today.

Again, I would urge my colleagues to look at the facts. Please do not exaggerate the impact of the difference between what the gentleman from North Dakota (Mr. POMEROY) has suggested and what you are proposing here. What you are doing here is trying to extend this to protect the richest of the rich, and that is just wrong.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield myself such time as I may consume to remind my colleagues that the rule that we are debating here to talk about the repeal of the death tax makes in order the substance of the subject that the gentleman from Massachusetts talked about, the Pomeroy substitute. We will have a vigorous debate on that. This is a very fair rule so that we can debate the difference between the two, and the body will work its will.

Mr. Speaker, I yield 3 minutes to the gentleman from Indiana (Mr. PENCE).

(Mr. PENCE asked and was given permission to revise and extend his remarks.)

Mr. PENCE. Mr. Speaker, I thank the gentleman for yielding me this time, and I rise in strong support of the rule and the Death Tax Repeal Permanency Act of 2005. I do so, Mr. Speaker, really to just speak about small business America and about a small businessman who raised me.

It was 17 years ago today at the too-young age of 58 that my father, Ed Pence, passed away. It happens to be an unfortunate anniversary in my family, but on April 13, 1988, we said goodbye to my father. He was a small business owner that many on the floor of the Congress today would classify as a rich American.

Now, the rich American that I saw was a man who started out in a very small business in Columbus, Indiana, and worked tirelessly to raise his four sons and two daughters and build a business that employed several hundred local people in support of their families. It is really, with the memory of my father in mind, that I rise in vigorous support of the permanent repeal of the death tax. Because while my family was reeling from the grief of the loss of my father to a sudden heart attack 17 years ago today, also we were settling into the reality that much of what he had built, all of which he had already paid taxes on, was now subject to as much as a 47 percent estate tax.

My father's death and the business that he built and the resources that he had husbanded, after paying all of his debts and all of his taxes, should not have been subject to another tax. And we come into this well today on behalf of small business owners and family farmers just like my dad to put to an end permanently this truly immoral death tax in America.

It is the reality out there, not the heated rhetoric of rich versus poor, that explains why 89 percent of small business owners favor permanent repeal. In fact, they know that more than 70 percent of family businesses do not survive to a second generation; 87 percent do not make it to a third generation. Much is made of middle America that I am proud to represent and the fact that Main Streets and courthouse squares are largely boarded up. People want to blame the Internet. They want to blame mass retailers. Well, I put the majority of the blame in practical terms at the doorstep of the death tax. It has waged war on small business and family farmers all across America, and we will begin to reverse that in a permanent way today.

So in the tender memory of my father, of his earnest labors, and with it in my mind the men and women who to this day labor to raise their families and build small businesses and family farms all across America that I extol the authors of this bill. I endorse the rule, and I vigorously support the permanent repeal of the death tax.

Mr. McGOVERN. Mr. Speaker, I yield myself such time as I may consume.

I want to make it clear, as there is a lot of misinformation being promoted on the other side here: our side supports relief for family farmers and small businesses. That is not what we are talking about here today. The difference between our approach is the three-tenths of 1 percent richest people in this country, the Paris Hiltons of the world, the executives at Campbell Soup, the heirs of Campbell Soup or Mars candy if you read The Washington Post today. That is what this is about. In a climate where the majority is cutting Medicaid, cutting veterans benefits, cutting programs that help feed the most vulnerable in our country, to go out and protect and to try to extend a special tax cut to those richest people in this country, I think, is unconscionable.

Mr. Speaker, I yield 3 minutes to the gentleman from North Dakota (Mr. POMEROY).

Mr. POMEROY. Mr. Speaker, I thank my colleague, the gentleman from Massachusetts, for leading the debate on this important rule in this fashion. I will just respond to my friend, the gentleman from Indiana (Mr. PENCE), the preceding speaker.

It is important that we talk about real facts today and, honest to goodness, some of the language does not reflect what reality would be relative to the estate tax if you would pass the Pomeroy substitute and set it at $6 million per couple, taking care of, making estate tax completely go away for 99.7 percent of the people in this country. Language like ''waging war on small business'' and the majority reason for why small family farms do not pass on, 99.7 percent have no, absolutely no estate tax under the proposal that we are advancing. Clearly, that language does not match the facts of the proposal that we have advanced.

We heard about the immorality of taxing for the wealthiest three out of the 1,000 estates in this country. I believe another immorality is on the floor today, and that is the immorality of privatizing Social Security and reducing the benefits of Social Security for our children and grandchildren. An essential part of the Social Security debate is changing the inflation index that would reduce the benefit for our subsequent generations. In my opinion, that is immoral.

What I think we ought to have captured in this debate on estate tax is the trade-off, because they say it is just estate tax; believe me, it is also Social Security. If you take $290 billion out of the budget for the wealthiest three out of 1,000, you impact the ability to fix Social Security for everybody else. And the proposal I would like considered before the House is, let us give immediate and certain estate tax relief, 6 million per couple, and let us capture the amount over that dedicated to Social Security. That would fill 40 percent of the unfunded liabilities.

In context, we are looking at a 75-year solvency figure that the President has found so troublesome he wants to privatize Social Security. Well, by dedicating the sums that we capture with this three-tenths of 1 percent, we could fill 40 percent of the hole on Social Security. We would not have to cut benefits for our children. We would not have to cut benefits for our grandchildren.

So what we have is a very reasonable proposal going forward. Let us make the estate tax go away for 99.7 percent of the estates in this country. Let us not impose new capital gains taxes at the time of estates, and let us dedicate the difference to addressing Social Security. It brings us almost halfway there in terms of keeping all of the guarantees, while meeting the funding challenge over the next 75 years.

That is what is advanced by the minority proposal in this debate, and I hope it will get my colleagues' close consideration.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 3 minutes to the gentleman from Texas (Mr. GOHMERT).

Mr. GOHMERT. Mr. Speaker, we have heard a lot of rhetoric here today, and some of it a bit disingenuous. I think it is a bit disingenuous to say in a loud tone, demanding an answer to some rhetorical question, and then demand, well, I hear none, when all of us here are observing the rules and not interrupting. It is a bit interesting to hear people talk about red herrings, and I like hearing from people across the aisle that they want to talk about real facts. So let me talk about real facts.

This, my friends, is a music box. It plays Amazing Grace. I would wind it up and play it now if the rules allowed that.

□ 1215

It belonged to my Great Aunt Lillie. She was land rich. Over a hundred years their family accumulated land, farm and ranch. I bought this music box at an IRS auction where the IRS forced the sale of everything she owned. They accumulated about 2,500 acres of farm and ranch land. She died in July of 1986, and shortly thereafter land was dumped on the market. Times were rough, and the value of the land that was around $2,000 an acre when she died went to $600 or $700 an acre.

The IRS was actually very gracious. They gave a couple of extensions or so. They allowed another appraisal, but it was around $2,000 an acre when she died.

The IRS required the sale of every acre of land that they owned. They sold every item out of her home. If anybody in the family wanted anything, we had to show up at the auction and buy it. I bought this keepsake to remember my Great Aunt Lillie, who had been so gracious and kind and a great farm woman and a great gentlewoman.

So if you want to talk about the death tax in real facts, here it is. The death tax provides no grace, amazing or otherwise. It is a socialist notion, and it needs to go away.

Mr. McGOVERN. Mr. Speaker, I yield myself such time as I may consume.

Let me again, just for the record, point out that the Pomeroy substitute would provide $3 million in relief for individuals immediately, $3.5 million by 2009, and $7 million per couple. And, again, what we are talking about here is not what the gentleman just spoke of. What we are talking about here is the richest of the rich in this country.

Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 1¾ minutes to the gentleman from Texas (Mr. SMITH).

Mr. SMITH of Texas. Mr. Speaker, I thank my friend from Washington for yielding this time.

Mr. Speaker, in the last 2 years, the economy has created over 3 million new jobs. The unemployment rate is down. Our Nation's total output, or Gross Domestic Product, is up. Home ownership is at a record high, and personal income has increased.

Our economy is strong. To ensure that we continue to enjoy prosperity, Congress should support a pro-economic growth agenda that creates jobs and helps small businesses grow. This includes reducing taxes.

Our families and our country are better off when they keep more of what they earn. One way to enable them to do that is to pass H.R. 8, which permanently repeals the punitive death tax.

This tax often prevents parents from passing along their life's work and savings to their children. Family farms, ranches and small businesses are forced to be sold to satisfy the death tax rates which can reach 55 percent.

No one should be taxed throughout their lifetime and then have their property retaxed at the time of their death. It is the wrong tax at the wrong time on the wrong people.

Mr. McGOVERN. Mr. Speaker, I yield 3 minutes to the gentleman from Virginia (Mr. MORAN).

Mr. MORAN of Virginia. Mr. Speaker, I think this piece of legislation that the majority is clearly going to be able to pass today is one of the most outrageous tax cuts that we have brought to the House floor. The Democrats are going to offer an alternative, and I appreciate the fact that it was allowed by the Rules Committee, but this alternative would exempt 99.7 percent of American families from having to pay inheritance taxes. So all we are really talking about is three-tenths of 1 percent, a relative handful, the people who clearly can most afford to pay taxes.

This excessive, unnecessary cut will pass despite the fact that, within the last few legislative sessions, this Congress has voted to take 300,000 families off food stamps, to take 300,000 children off daycare, to run the risk, by taking $20 billion out of Medicaid, that as many as 7 million very poor elderly people dependent on government help in nursing homes will not get that assistance.

Where are our priorities? Where is our source of fairness?

You know, I think that we would all agree that we believe in equal opportunity. But in this country, unfortunately, when you see the effect of these tax cuts, that equal opportunity is really dependent upon the accident of birth. Millions of people in our country are suffering for the accident of birth, without health insurance, without any real prospect of getting decent schooling. And yet where are we putting our tax cuts? What excuse are we using for burdening the next generation with hundreds of billions of dollars of debt?

We are taking hundreds of billions of dollars, borrowing it from the Social Security trust funds, just to give more help to the very children who, because of the accident of birth, have the very best education that this country can allow, have all the contacts imaginable, are virtually guaranteed economic success unless they choose to turn their backs on it.

What we have done is to turn our backs on the vast majority of the American people, and to close our consciences to our children's generation, who are getting swamped with debt. This bill is going to cost $290 billion added on to a public debt that our children will never be able to recover from. And it is not necessary.

I ask you to consider the fact that it takes away the stepped-up basis at the point of inheritance, insuring that there will be more small businesses, more family farms that are going to get hurt—over 70 thousand—by this provision, by this legislation than are going to be helped, because they are going to have to pay capital gains at the point when they actually inherit calculated by going back to the original cost to the deceased. So it just does not make any sense, other than to people gripped by this ideological fervor to cut taxes irregardless of the rationale or the consequence. It is terrible legislation. It ought to be defeated.

Mr. HASTINGS of Washington. Mr. Speaker, I yield 1¾ minutes to the gentleman from Georgia (Mr. GINGREY).

Mr. GINGREY. Mr. Speaker, I rise today as a proud cosponsor of H.R. 8, the Death Tax Repeal Permanency Act of 2005.

First, I would like to take this opportunity to thank the gentleman from Missouri (Mr. HULSHOF) for his leadership on the bill.

Mr. Speaker, I do not believe that there has ever been a more reprehensible tax on the face of the earth than the death tax. The death tax represents not only a tax on the deceased but also on their families. Husbands, wives and children and other relatives bear the burden of this tax while they are still struggling to cope with the loss of their loved one.

Mr. Speaker, it is intolerable and absolutely unacceptable for the Federal Government to exact a tax on death and on the surviving families, causing them to lose their homes, their business, their farms and the lives they have struggled to build.

After all, they have created and established these businesses with after-tax dollars. Taxes have already been paid, and every bit of profit that they might make in a year is taxed as well.

Currently, the repeal of the death tax is set to expire in 2010; and, Mr. Speaker, I cannot understand how anyone would allow the Federal Government to hand a grieving family in 2011 a bill for the death of their loved one. Death's inevitability should not be a taxable event.

Mr. Speaker, let us get the Federal Government off the backs of grieving families and pass this rule and this bill for the sake of fairness and decency.

Mr. MCGOVERN. Mr. Speaker, I reserve the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I am pleased to yield 2 minutes to the gentleman from Texas (Mr. HENSARLING).

Mr. HENSARLING. Mr. Speaker, I rise today as a cosponsor of H.R. 8 and in support of this rule. I believe, as most Americans do, that it is unacceptable for a grieving family who has recently lost a loved one to get a visit from the undertaker and the IRS on the very same day. It is unconscionable, and it ought to be illegal.

The death tax is really a tax on the American dream. Americans work hard all their lives building up farms and ranches and small businesses, hoping that maybe one day they can pass this along to their families. But after years of payroll taxes and income taxes and sales taxes and property taxes, many businesses and farms just do not make it. And those that do, the government can step in and take over half of what they worked their entire life to build.

Now, Mr. Speaker, I grew up working on a farm, and I represent a large portion of rural East Texas. East Texas is a great place to live, but sometimes it can be a challenging place to make a good living.

Recently, I spoke to a rancher in my district who has worked hard nearly 30 years building up a cattle ranch operation. His greatest dream is one day to leave that ranch to his family. But with sadness in his voice he told me, you know what, Congressman? By the time the government takes its share, there is just not enough to go around.

It is not fair to take that family's ranch. It is not fair that Americans are being taxed twice on the same income. And it is not fair that the Federal Government can step in and automatically inherit 55 percent of the family farm, a family business or a family nest egg.

Mr. Speaker, let us vote for this rule. Let us support H.R. 8. Let us kill the death tax and breathe new life into the American dream.

Mr. MCGOVERN. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, what the majority is doing today is wrong. We need to help family farmers and small businesses. We all agree on that, and the substitute that the gentleman from North Dakota (Mr. POMEROY) puts forth does that, with very generous exemptions.

But what the majority is suggesting is that somehow we need to do something to help the three-tenths of 1 percent of the richest people in this country at a time when they present budgets that cut Medicaid, that cut veterans benefits, that cut educational programs, that cut programs for the poor.

I mean, what are you doing? How can you come here with a straight face and say that we need to help the three-tenths of 1 percent richest people in this country, when so many people who are struggling in the middle class, so many struggling to get in the middle class, are having such a difficult time?

This is wrong what you are doing.

Mr. Speaker, at the end of this debate, I will call for a vote on the previous question; and if the previous question is defeated I will offer an amendment to the rule.

My amendment would take the cost difference between the Republicans' estate tax cut bill, which cost $290 billion, and the Pomeroy estate tax cut bill, which costs $72 billion, and shift that difference to the Social Security trust fund. We are talking about $218 billion that could go right into the Social Security trust fund.

The Republican leadership and President Bush claim that there is a Social Security crisis. If they truly believe that there is a crisis, they should step up to the plate and support this effort to shore up the Social Security trust fund now.

The Pomeroy substitute will exempt 99.7 percent of all estates. 99.7 percent. With this amendment we can restore $218 billion back to the Social Security trust fund and help save Social Security for future generations.

Mr. Speaker, there are a lot of people on the other side of the aisle who go back home and do town hall meetings and tell their constituents that they are for protecting Social Security. Well, this is a vote to show that you want to protect Social Security.

Mr. Speaker, I ask unanimous consent to insert the text of the amendment immediately prior to the vote on the previous question.

The SPEAKER pro tempore (Mr. LAHOOD). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. McGOVERN. Again, Mr. Speaker, I would urge that the people join with us on this vote.

Mr. Speaker, I have no further requests for time, and I yield back the balance of my time.

Mr. HASTINGS of Washington. Mr. Speaker, I yield myself the balance of my time.

Mr. Speaker, this is not the first time that this body has addressed the issue of repealing or making permanent the death tax. In the 106th Congress, on a bipartisan basis, with 279 votes in favor, this body voted in favor of permanently eliminating the death tax. And the other body, also on a bipartisan basis, they, too, voted to permanently eliminate the death tax, but President Clinton vetoed that bill.

□ 1230

In the 107th Congress, again on a bipartisan basis, the House voted to eliminate the death tax permanently. Unfortunately, in the reconciliation of trying to put the differences between the two Houses together, we put the date of the 2011 when that would expire.

In the last Congress, once again the House addressed this issue and voted to permanently eliminate this death tax.

The bill that we will address when we pass this rule is exactly the same as the bill that we passed on a bipartisan basis in the last Congress.

Mr. Speaker, I urge my colleagues to vote for the rule and the underlying bill.

The material previously referred to by Mr. McGOVERN is as follows:

AMENDMENT TO H. RES. 202 OFFERED BY REP. McGOVERN

At the end of the resolution, add the following:

SEC. 2. Notwithstanding any other provision of this resolution, the amendment made in order under the first section of this resolution shall be modified by adding at the end the following new section:

**SECTION ___. TRANSFERS TO SOCIAL SECURITY.**

(a) FINDINGS.—Congress hereby finds that—

(1) permanent repeal of the estate tax will cost $290 billion over the 10-year budget window,

(2) this $290 billion understates the long-term cost of repeal—in the last year of the budget window repeal of the estate tax will cost $70 billion,

(3) in the next decade, the cost of repealing the estate tax together with the increased interest cost to the United States would be substantially above $1 trillion,

(4) the enormous cost of repealing the estate tax would only benefit the wealthiest 0.3 percent of all families in the United States,

(5) permanent repeal of the estate tax would result in a substantial reduction in income tax receipts, and could result in lower receipts in the Social Security Trust Funds because of that tax avoidance,

(6) the provisions of this Act would prevent the reduction in Social Security receipts that could result from permanent repeal and it would preserve funds necessary to meet commitments made to the Social Security system or other programs,

(7) the provisions of this Act provide immediate and substantial estate tax relief, exempting 99.7 percent of all estates from the estate tax,

(8) the United States is faced with many other fiscal challenges, including the requirement to meet the commitments made through the Social Security system, and

(9) the amounts saved by enacting this Act as compared to permanent repeal—

(A) in the long run on an annual basis would equal the current costs of the operations in Iraq,

(B) could be used for improvements in veterans benefits, and

(C) would close half of the shortfall faced by the Social Security system.

(b) TRANSFERS TO SOCIAL SECURITY.—Section 201 of the Social Security Act (42 U.S.C. 401) is amended by adding at the end the following new subsection:

''(o) For purposes of ensuring that amounts are available to meet the commitments of the Social Security system, the Secretary of the Treasury shall, from time to time, transfer from the general fund in the Treasury to the Federal Old-Age and Survivors Insurance Trust Fund, the savings from the enactment of the Certain and Immediate Estate Tax Relief Act of 2005 as compared to the permanent repeal of the estate tax by the bill H.R. 8 (as introduced in the 109th Congress) as follows:

''(1) For fiscal years 2010–2015, the transfers in each year shall total for each fiscal year specified in the following table, the amount specified in connection with such fiscal year, as follows:

| **''Fiscal year:** | **Amount Transferred:** |
|---|---|
| 2010 | $6.1 billion |
| 3011 | $35.4 billion |
| 2012 | $39.4 billion |
| 2013 | $42.7 billion |
| 2014 | $47.9 billion |
| 2015 | $50.5 billion. |

''(2) For fiscal years beginning after September 30, 2015, the transfers in each year shall total the amount the Secretary of the Treasury determines to be the savings from the enactment of such Act as compared to such permanent repeal of the estate tax.''.

Mr. HASTINGS of Washington. Mr. Speaker, I yield back the balance of my time, and I move the previous question on the resolution.

The SPEAKER pro tempore (Mr. LAHOOD). The question is on ordering the previous question.

The question was taken; and the Speaker pro tempore announced that the ayes appeared to have it.

Mr. McGOVERN. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The SPEAKER pro tempore. Pursuant to clause 8 of rule XX, further proceedings on this question will be postponed.

## RECESS

The SPEAKER pro tempore. Pursuant to clause 12(a) of rule I, the Chair declares the House in recess subject to the call of the Chair.

Accordingly (at 12 o'clock and 30 minutes p.m.), the House stood in recess, subject to the call of the Chair.

□ 1338

## AFTER RECESS

The recess having expired, the House was called to order by the Speaker pro tempore (Mr. LAHOOD) at 1 o'clock and 38 minutes p.m.

## ANNOUNCEMENT BY THE SPEAKER PRO TEMPORE

The SPEAKER pro tempore. Pursuant to clauses 8 and 9 of rule XX, proceedings will now resume on questions previously postponed.

Votes will be taken in the following order:

motion to suspend the rules on H.R. 1463, by the yeas and nays;

motion to suspend the rules on H.R. 787, by the yeas and nays;

ordering the previous question on House Resolution 202, by the yeas and nays;

adoption of House Resolution 202, if ordered.

The first electronic vote will be conducted as a 15-minute vote. Remaining electronic votes will be conducted as 5-minute votes.

## JUSTIN W. WILLIAMS UNITED STATES ATTORNEY'S BUILDING

The SPEAKER pro tempore. The pending business is the question of suspending the rules and passing the bill, H.R. 1463.

The Clerk read the title of the bill.

The SPEAKER pro tempore. The question is on the motion offered by the gentleman from Pennsylvania (Mr. SHUSTER) that the House suspend the rules and pass the bill, H.R. 1463, on which the yeas and nays are ordered.

The vote was taken by electronic device, and there were—yeas 427, nays 0, not voting 7, as follows:

[Roll No. 98]

YEAS—427

Abercrombie
Ackerman
Aderholt
Akin
Alexander
Allen
Andrews
Baca
Bachus
Baker
Baldwin
Barrett (SC)
Barrow
Bartlett (MD)
Barton (TX)
Bass
Bean
Beauprez
Becerra
Berkley
Berman
Berry
Biggert
Bilirakis
Bishop (GA)
Bishop (NY)
Bishop (UT)
Blackburn
Blumenauer
Blunt
Boehlert
Boehner
Bonilla
Bonner
Bono
Boozman
Boren
Boswell
Boucher
Boustany
Boyd
Bradley (NH)
Brady (PA)
Brady (TX)
Brown (OH)
Brown (SC)
Brown, Corrine
Brown-Waite, Ginny
Burgess
Burton (IN)
Butterfield
Buyer
Calvert
Camp
Cannon
Cantor
Capito
Capps
Capuano
Cardin
Cardoza
Carnahan
Carson
Carter
Case
Castle
Chabot
Chandler
Chocola
Clay
Cleaver
Clyburn
Coble
Cole (OK)
Conaway
Conyers
Cooper
Costa
Costello
Cox
Cramer
Crenshaw
Crowley
Cubin
Cuellar
Culberson
Cummings
Cunningham
Davis (AL)
Davis (CA)
Davis (FL)
Davis (IL)
Davis (KY)
Davis, Jo Ann
Davis, Tom
Deal (GA)
DeFazio
DeGette
Delahunt
DeLauro
DeLay